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EXECUTIVE SECRETARIAT

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Remarks

[Redacted Signature Box]

Executive Secretary

28 Dec 84

Date

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OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

December 27, 1984

Executive Registry

84 - 10026/6

UNCLASSIFIED
(With ~~Confidential~~ Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
DIRECTOR OF CENTRAL INTELLIGENCE
UNITED STATES TRADE REPRESENTATIVE
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT & DEPUTY TO THE CHIEF
OF STAFF
ASSISTANT TO THE PRESIDENT FOR CABINET AFFAIRS
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT

SUBJECT: Senior Interdepartmental Group on
International Economic Policy (SIG-IEP)

Attached is Secretary Regan's report to the President on deliberations of the SIG-IEP regarding the U.S.-U.S.S.R. Working Group.

Edward J. Stuby
Christopher Hicks
Executive Secretary and
Executive Assistant to the Secretary

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THE SECRETARY OF THE TREASURY

WASHINGTON

December 27, 1984

MEMORANDUM FOR THE PRESIDENT

Subject: SIG-IEP Meeting on U.S.-U.S.S.R. Working Group

Pursuant to your decision in June that preparation should begin for a meeting of the Cabinet-level U.S.-U.S.S.R. Joint Commercial Commission, a Working Group of Experts will meet in Moscow January 8-10 to determine if there is mutual agreement that there are sufficient grounds for such a meeting. The SIG-IEP met on December 18 to discuss U.S. objectives for the January 8-10 meeting. After the discussion, I asked the agencies to provide their views in writing for presentation to you. Attached is an executive summary of the views of agencies which responded.

The results of the Moscow meeting will also be discussed in the SIG-IEP, which will make a recommendation to you on the advisability of a meeting of the Joint Commercial Commission.

Donald T. Regan

Attachment

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EXECUTIVE SUMMARY

SIG-IEP AGENCY VIEWS REGARDING U.S. DELEGATION POSITIONS FOR THE
U.S.-U.S.S.R. WORKING GROUP OF EXPERTS MEETING
MOSCOW, JANUARY 8-10, 1985

The overall objectives for the U.S. delegation to the Working Group of Experts, chaired by Under Secretary of Commerce Lionel Olmer, were reviewed and approved at the SIG-IEP meeting December 18. Those objectives, along with agency views on specific issues which had been enumerated at the meeting, are summarized below:

OVERALL OBJECTIVES

In June the President announced that preparations should begin for a meeting of the Cabinet-level U.S.-U.S.S.R. Joint Commercial Commission (JCC). The SIG-IEP concurred that the purpose of the Experts meeting in January should be to determine if there are sufficient grounds for a successful meeting of the JCC. If the Experts meeting shows the prospects are not satisfactory, a JCC meeting should be deferred while discussions continue on outstanding differences.

The SIG-IEP took note that there are opportunities for an expansion of non-strategic trade. The Soviets have curbed U.S. exports to the U.S.S.R., for example by removing U.S. firms from bid lists, curtailing U.S. company promotion efforts, and instructing purchasing officials to avoid buying American products whenever possible. The SIG-IEP concurred that the U.S. delegation should aim at changing such Soviet practices and at supporting the efforts of U.S. companies seeking non-strategic business opportunities.

All exploration of opportunities for expanding peaceful trade will be within the context of present export control policies. Changes in those policies will not be discussed by the delegation. In addition, changes in U.S. policies regarding extension of MFN and official U.S. credits will not be discussed by the U.S. delegation, which will only reiterate current U.S. policies.

SPECIFIC POSITIONS

The SIG-IEP took note that there were five specific issues that the Soviets were likely to raise. SIG-IEP concurrence was sought that the delegation should express a U.S. willingness to discuss possible resolution of these issues in the appropriate forums if there were to be a reciprocal Soviet willingness to improve the prospects for U.S. non-strategic business. Agencies were asked to provide their views on the issues enumerated. Agriculture, State, Transportation, Treasury, and USTR have done so. They, along with Commerce, have all concurred that the U.S. delegation should:

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1. Indicate to the Soviets a willingness to discuss options with the U.S. Congress to lift the furskins ban if the Soviets are prepared to improve business conditions and prospects for U.S. firms.
2. Reiterate a recent Treasury offer to resolve the Cuban nickel certification issue.
3. Indicate a U.S. willingness to begin discussion of civil aviation matters, but only after receiving a favorable Soviet response to U.S.-Japan proposals on North Pacific safety measures, and with the understanding that any restoration of Aeroflot service would have to be part of a package offering a true balance of concession for U.S. carriers.
4. Respond to any Soviet inquiry on port access procedures by informing them of our willingness to discuss this question in our traditional maritime framework. (Transportation stressed that the Soviets must be told such discussions would have to encompass U.S. maritime industry interests. Agriculture emphasized that since there was not a consensus to restore 4 or 7 day port notification for Soviet grain ships -- 14 days are now required -- the delegation should be careful to avoid raising Soviet expectations in a counterproductive manner that might harm U.S. grain exports.)
5. Indicate to the Soviets a U.S. willingness to move forward on the unsigned 1981 tax protocol, but noting that changes may have to be made.

The Department of Defense did not provide views for inclusion in the Executive Summary. In a separate letter to Secretary Regan, however, Secretary Weinberger agreed with the concept of promoting non-strategic trade with the U.S.S.R., but expressed concern that the Experts Group may stimulate pressure for strategic trade despite its stated objectives. He also said that a strong position on human rights must be made known to the Soviets and that the mission should not go in silence on this issue.^{1/}

^{1/} The Commerce Department notes that Human Rights has been a stated discussion item for the U.S. delegation throughout the planning process, and that a Talking Points paper and guidance for Human Rights was prepared by the State Department November 26 and was cleared by all interested agencies.

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